EXECUTIVE APPROVAL FORM

CUSTOMER NAME: Michaels Management Services, LP

SECTION I - Approval Requests:
HQAPP Requests:

1. Request migrated licenses blended at 54.2% discount. Standard 10% migration fees are included in deal.
2. New Licenses for EBS 2002 at 82% ($1.46MM Net License)
3. Restricted use license of Employee EBSuite users discounted at 99.5%. Usage restricted to use by part time staff to only use the HR self service module. Joel Summers has approved.
4. Customer reference "special" language: Oracle will use the Customer as a reference for no less than three times a year over the next 2 years. In addition, Customer agrees to become part of Oracle's reference program which recognizes Oracle's customers worldwide for innovation and leadership through marketing and networking opportunities.
5. Change customer employee metric for purposes of user minimums to be full-time employees (12,700) rather than total employees (38,500 from SEC filings). The part-time employees are mostly high school and college students working part time during Christmas holidays and they have no access to systems.
6. Flatline support for 2 renewals with 4% cap years 4&5.
7. Request to show net fees only due to high discounts.
8. Request extended payment terms—Net 30 at end of 5 month acceptance period. Pending Credit approval.

TIER 1 Requests:

9. Customer Definition: Signing company and its parent, Michaels Stores, Inc., and parent's majority owned subsidiaries – agree to be bound.
10. Acceptance period for the deal of 5 months. (we understand that this eliminates revenue being recognized).
11. 2 year price hold on the suite pricing model with options at 75% with Restricted use employee user at 99.5%.

Previously approved requests (include date of approval):
1.
2.

SECTION II – Deal Summary:

Deal Summary	
Programs	EBS 2002
License Discount	82%
Support Discount	82%
Comp & Admin Discount	NA
Phased Implementation for Comp & Admin?	NA
Support Options/Holds	2 yr flat-line plus 2 yrs capped at 4%
Price Holds	2 yrs
List License	Migrated: $2.963MM, New: 17.264 MM
List Support	
List Comp & Admin	
Net License	$1.460MM net new, Migrated $0 after credit plus 10% fees of $137k
Net Support	$321K net new
Net Comp & Admin	
Net Total Price	$1.918 MM new license, upgrade fees and support.(worst case)

GOVERNMENT EXHIBIT
P1181
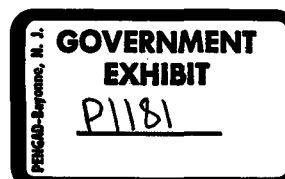
Price List Used	EBS 2002 ending

Customer History - Existing Price Holds	
Existing contractual discount (price hold)	45% for ala carte pricing (not in this deal)
Date of Price List for price hold	11/ Jan/ 2002
When does price hold expire?	2/04
Price hold program categories (database, server, erp, crm, hr/payroll, app suite)	Tech and apps
Name of Agreement if applicable	

SECTION III - Justification:

Background: This customer owned <u>no</u> Oracle apps 2 years ago and <u>was a PeopleSoft shop for Financials and HR.</u> We displaced PeopleSoft HR in the account 2/02 (part of a $3.6MM deal) and this deal is to displace the rest of PeopleSoft and make them Oracle throughout. In the last year, they have referenced for Oracle no less than 10 times in PeopleSoft competitive situations and they spoke at AppsWorld 2002 about their experiences. The 2003 Las Vegas sales meeting will use this customer for their case study in the retail training. Last, they helped us set up a local user group and are leading the group.

This deal is to lock in the 2002 suite deal for them (they see potential in several modules that will go away) while they evaluate Oracle vs PeopleSoft for their business. (PeopleSoft must be upgraded to V8 – which is driving the evaluation). This is highly competitive and we know that PeopleSoft will do everything to keep us from taking this account.

PeopleSoft had sold the customer their financials and HR products bundle. They never implemented HR (initially bought in 1999) and when they went to implement it they found that Ppsft wanted alot more money from them to do so. They initiated a competitive evaluation and we won for HR and SS HR (2/02). They are now facing the mandatory upgrade to Ppsft 8.x for Financials: (G/L, A/P, Fixed Assets, Projects and Purchasing). As a result, they want to technically evaluate Oracle's functionality in a number of areas to ensure that they won't be "losing" anything by going Oracle. (if we don't get it now, we'll never get another shot). We believe that the technical evaluation they are planning to accomplish over the coming 3 months of Oracle vs Ppsft will conclude that they will be better off with us. 3 to 4 months of a team's time to complete the evaluation process is a SIGNIFICANT commitment by the customer -- especially in an environment where we can 1.) displace a serious competitor; 2.) gain deep insight into the competitor's capabilities and 3.) further develop a "killer reference" for us moving forward.

1 and 2. Discounts: a.) they are a retailer and are cheap; b.) we are competing against very minimal license dollars to upgrade to Ppsft; c.) they will help us win other retail accounts after we complete the conversion off of PeopleSoft; d.) $1.5MM is the maximum that the deal will support for new licenses given the competitive position we are in.

   3. Restricted Use: 25,800 of their employees are part time staff that are hired for Christmas and holidays (primarily). They currently own the right to our HR SS for all these employees and they insist on retaining that right – even though they will likely never use it (today the store managers do all the SS functions for employees). Thus, this
   4. Customer reference--This language was in their last contract and it was their request as they view this as a tool to ensure that we keep them happy!
   5. Employee minimums--Figures were pulled from SEC stmts. To fully burden any retailer that utilizes part time staff makes the suite cost prohibitive – this one is heavily reliant on p-t staff.
   6. Support concessions--Customer has TCO model we are meeting.
   7. Request to show net fees to manage customer expectations for future deals.
   8. Extended payment terms since customer does not want to pay until acceptance period elapses.

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9. Customer definition covers enterprise.
10. Acceptance period: This amount of time is needed for them to complete their analysis of whether to go Oracle or peoplcSoft and will give us a Q2 deal in 04 (if successful).
11. Price hold--Needed to support growth and to protect them if part time staff increases.

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Recommendation: *(leave blank for HQAPP to fill out)*

Submitted By: *Richard Bedford; Matt Mills*
Field RM name if submitted by iSD:

R: *(leave blank for HQAPP to fill out)*
C:
L:
A:
BP: